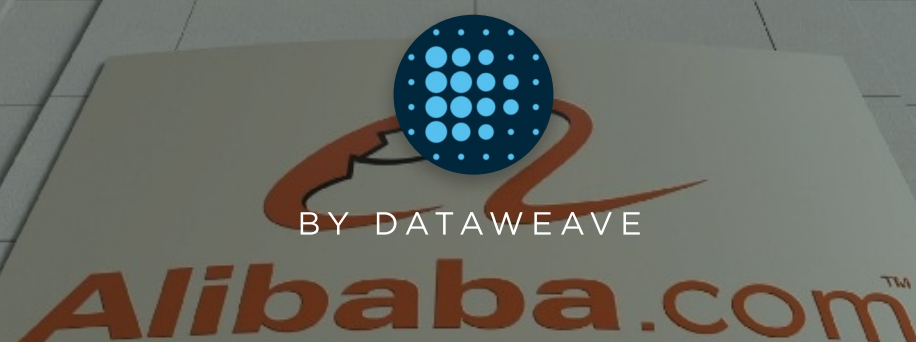


Alibaba's Singles Day Sale: Decoding the World's Biggest Shopping Festival

24th Nov, 2017



\$17.5 million every 60 seconds.

That's the volume of sales Alibaba generated on 11.11, or Singles Day. This mammoth event, decisively the world's biggest shopping day, dwarfed last years' Black Friday and Cyber Monday combined.

This year, the anticipation around Singles Day was all-pervasive, and the sale was widely expected to break all records, as more than 60,000 global brands queued up to participate. By the end of the day, sales topped \$25.3 billion, while shattering last year's record by lunchtime.

It's an astonishing feat of retailing, eight years in the making. When Alibaba first started 11.11 in 2009, they set out strategically to try and convert shopping into a sport, infusing it with a strong element of entertainment. "Retail as entertainment" is a unique central theme for 11.11 and this year Alibaba leveraged its media and eCommerce platforms in concert to create an entirely immersive experience for viewers and consumers alike.

From a technology perspective, the "See Now, Buy Now" fashion show and the pre-sale gala seamlessly merged offline and online shopping so viewers tuning in to both shows can watch them while simultaneously shopping via their phones or saving the items for a later date.

The eCommerce giant also collaborated with roughly 50 shopping malls in China to set up pop-up shops, eventually extending its shopper reach to span

12 cities.

Of course, attractive discounts on its eCommerce platforms were on offer as well.

Deciphering Taobao.com

At DataWeave, we have been analyzing the major sale events of several eCommerce companies from around the world. During Singles Day, when we trained our data aggregation and analysis platform on Taobao.com (Alibaba's B2C eCommerce arm), and its competitors JD.com and Amazon.ch, our technology platform and analysts had to overcome two primary challenges:

1. All text on these websites were in Chinese

All information — names of products, brands, and categories — were displayed in Chinese. However, our technology platform is truly language agnostic, capable of processing data drawn from websites featuring all international languages. Several of our customers have benefited strategically from this unique capability.

2. Discounted prices were embedded in images on Taobao.com



While it's normal for sale prices to be represented in text on a website (relatively easy to capture by our advanced data aggregation system), Taobao chose to display these prices as part of its product images — like the one shown in the adjacent image.

However, our technology stack comprises of an AI-powered, state-of-the-art image processing and analytics platform, which quickly extracted the selling prices embedded in the images at very high accuracy.

We analyzed the Top 150 ranked products of over 20 product types , spread across Electronics, Men's Fashion, and Women's Fashion, representing over 25,000 products in total, each day, between 8.11 and 12.11.

In the following infographic, we analyze the absolute discounts offered by Taobao on 11.11, compared to 8.11 (based on pricing information extracted from the product images using our image analytics platform), together with an insight into the level of premium products included in their mix for each product type, between the two days of comparison.

Unexpectedly, we noticed that each day, ALL the products in the Top 150 ranks differed from the previous day — a highly unique insight into Taobao's unique assortment strategy.

SINGLES DAY – TAOBAO ANALYSIS

DATAWEAVE



100% NEW PRODUCTS IN TOP 150 RANKS EACH DAY BETWEEN 8.11 AND 12.11



ABSOLUTE DISCOUNTS ON 11.11



21.0%
ON 12% OF MOBILE
PHONES



8.5%
ON 14% OF
SPORTS SHOES



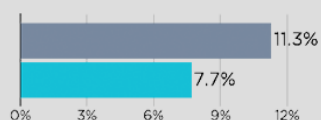
18.2%
ON 15% OF
TABLETS



3.1%
ON 39% OF
TVs

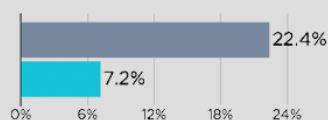
AVERAGE ABSOLUTE DISCOUNTS

ELECTRONICS

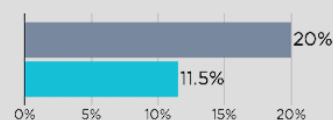


■ 8TH NOV ■ 11TH NOV

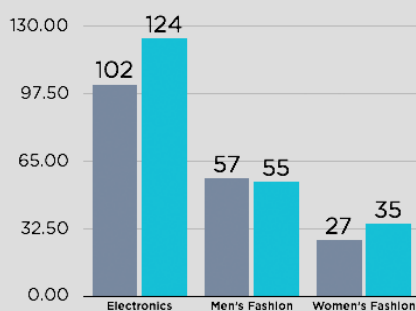
MEN'S FASHION



WOMEN'S FASHION



NUMBER OF DISCOUNTED PRODUCTS



■ 8TH NOV ■ 11TH NOV

AVERAGE SELLING PRICE OF TOP 150 RANKS OF EACH PRODUCT TYPE



¥ 8735 DSLRs on 11.11
compared to **¥ 6793** on 8.11



¥ 363 Men's Sunglasses on 11.11
compared to **¥ 593** on 8.11



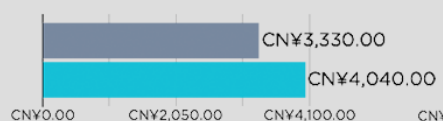
¥ 360 Handbags on 11.11
compared to **¥ 1094** on 8.11



¥ 2226 Watches on 11.11
compared to **¥ 1200** on 8.11

AVERAGE SELLING PRICE

ELECTRONICS

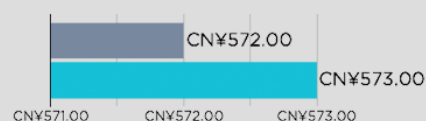


■ 8TH NOV ■ 11TH NOV

MEN'S FASHION



WOMEN'S FASHION



Counter-intuitively, absolute discounts across all categories were considerably higher on 8.11 than on 11.11, even if it were for a marginally fewer number of products. The number of discounted Electronics products on sale rose on 11.11 compared to 8.11 (124 versus 102 respectively), while there was little movement in the number of discounted Men's Fashion (55 versus 57) and Women's Fashion (35 versus 27) products.

Taobao targeted the mobile phone and tablets segment with aggressive discounts (21.0 percent and 18.2 percent respectively), compared to the average Electronics discount level of 7.7 percent.

Interestingly, the average selling price drifted up for Electronics on 11.11 compared to 8.11 (¥4040 versus ¥3330). Men's Fashion dropped to ¥584 from ¥604 while prices for Women's Fashion was stable.

It's clear that even with all the fanfare, Singles Day didn't produce the level of discounts that one might have expected, indicating that purchases were driven as much by the hype surrounding the event as anything else.

How did Alibaba's Competitors Fare?

While Taobao was widely expected to offer discounts during Alibaba's major sale event, we looked at how its competitors JD.com and Amazon.ch reacted to Taobao's strategy.

As over 80 percent of top-ranked products were consistently present in the Top 150 ranks of each product type on these websites, we analyzed the additional discounts offered during 11.11, compared to prices on 8.11.

SINGLES DAY – JD.COM & AMAZON.CH

DATAWEAVE

AVERAGE ADDITIONAL DISCOUNTS DURING 11.11



22.1%
ON 36% OF SPORTS
SHOES ON JD.COM



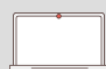
14.8%
ON 62% OF REFRIGERATORS
ON JD.COM



15.3%
ON 64% OF TVs
ON AMAZON.CH



10.2%
ON 11% OF MOBILE
PHONES ON AMAZON.CH



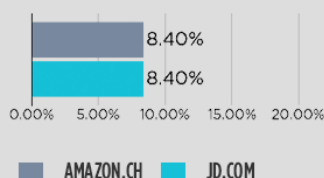
6.6%
ON 62% OF LAPTOPS
ON JD.COM



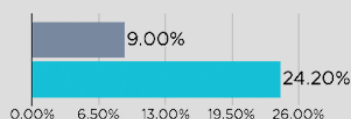
5.0%
ON 26% OF MEN'S
SUNGLASSES
ON AMAZON.CH

AVERAGE ADDITIONAL DISCOUNTS

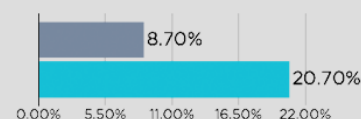
ELECTRONICS



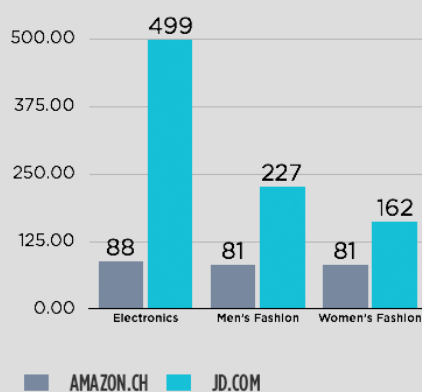
MEN'S FASHION



WOMEN'S FASHION



NUMBER OF ADDITIONALLY DISCOUNTED PRODUCTS



TOP BRANDS ON AMAZON CHINA

38.5%
on 42% of **Skechers**
Women's Shoes

20.5%
on 94% of **TCL** TVs

13.0%
on 10% **Daniel**
Wellington Watches

3.3%
on 54% of **Five**
Plus Skirts

TOP BRANDS ON JD.COM

20.8%
on 94% of **TCL** TVs

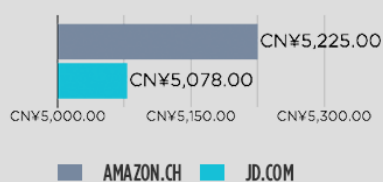
8.5%
on 73% of **Dell** Laptops

5.5%
on 81% of **Lenovo**
Laptops

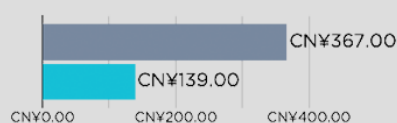
3.4%
on 54% of **Canon**
DSLR Cameras

AVERAGE SELLING PRICE ON 11.11

ELECTRONICS



MEN'S FASHION



WOMEN'S FASHION



Broadly speaking, both Amazon.ch and JD.com appear to have elected not to go head to head with Taobao on specific segments. JD.com's discount strategy was spearheaded by Sports Shoes (22.1 percent) and Refrigerators (14.8 percent) while Amazon.ch featured TVs (15.3 percent) and Mobile Phones (10.2 percent).

The average additional discounts offered by Amazon.ch and JD.com in Electronics (8.4 percent) was slightly above Taobao's overall absolute discount (7.7 percent). TCL was aggressive with its pricing on both websites, offering over 20% discount on almost its entire assortment.

Surprisingly, JD.com swamped Amazon.ch's number of additionally discounted products, across all three featured categories although this may be partially explained by Amazon.ch electing to adopt a significantly more premium price position in both Men's and Women's Fashions compared to JD.com, while remaining roughly line ball on Electronics.

Jack Ma's "New Retail"

Interestingly, JD.com wasn't far behind Taobao in terms of sales, clocking up **\$20 billion in revenue**, and sparking an **interesting public debate** between the two eCommerce giants extolling their respective performances.

Singles Day is one of the pillars of Jack Ma's vision of a "New Retail" represented by the merging of entertainment and consumption. Ma's vision sees the boundary between offline and online commerce disappearing as the focus shifts dramatically to fulfilling the personalized needs of individual customers.

Hence, Alibaba's Global Shopping Festival should be understood as not just a one-day event that produces massive revenue, but as a demonstrable tour de force of Alibaba's vision for the future of retail. One thing is certain — as competition heats up between Chinese retailers, we can be prepared for another Singles Day shoot-out sale next year that one-ups the staggering sales volumes this year.

If you're intrigued by DataWeave's technology, **check out our website** to learn more about how we provide Competitive Intelligence as a Service to retailers and consumer brands globally.

- **DataWeave Marketing**

24th Nov, 2017

ARTIFICIAL INTELLIGENCE

PRICING

RETAIL

